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Estimates in respect of special political missions, good offices and other political initiatives, authorized by the General Assembly and/or the Security Council

Request for a subvention to the Special Court for Sierra Leone

Report of the Secretary-General*

Addendum

I. Introduction

1. In his letter to the President of the Security Council dated 26 February 2004 (S/2004/182), the Secretary-General informed the Council of the financial difficulties faced by the Special Court for Sierra Leone with regard to its operation beyond 1 July 2004 and, inter alia, indicated that the Council might wish to invite him to bring the matter to the attention of the General Assembly.

2. In his letter to the Secretary-General dated 10 March 2004 (S/2004/183), the President of the Security Council expressed no objection to the approach proposed by the Secretary-General regarding the Special Court for Sierra Leone, on the understanding that any action taken with the General Assembly on the issue would in no way affect the independence and structure of the Court as established by the Agreement between the United Nations and the Government of Sierra Leone signed on 16 January 2002.

3. In his report to the General Assembly of 15 March 2004 (A/58/733), the Secretary-General, on the assumption that available voluntary contributions would carry the Special Court only to the end of the second year of its operation (i.e. until

* The report is issued at this time to reflect the latest information available following intensive consultations.

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30 June 2004), by which time the Court was expected to have consumed most of the moneys thus far available to it, set out the overall level of resources required by the Special Court for the period from 1 July 2004 to 31 December 2005.

4. In that report, the Secretary-General sought a subvention of up to $40 million to supplement voluntary contributions, including those that had been pledged but had not yet been paid, as well as those received.

5. In its resolution 58/284 of 8 April 2004, the General Assembly authorized the Secretary-General, as an exceptional measure, to enter into commitments in an amount not to exceed $16.7 million to supplement the financial resources of the Special Court for Sierra Leone for the period from 1 July to 31 December 2004, on the understanding that any regular budget funds appropriated for the Court would be refunded to the United Nations at the time of liquidation of the Court should sufficient voluntary contributions be received. By the same resolution, the Secretary-General was requested to provide the necessary report to the Assembly at its fifty-ninth session.

6. The present report is an interim progress report on the implementation of resolution 58/284. It contains a request for an appropriation of $20 million for the operation of the Special Court for Sierra Leone to 30 June 2005 and indicates the intention of the Secretary-General to revert to the subject at the resumed fifty-ninth session of the General Assembly on the basis of further developments. This timing is suggested in the light of the requirement of the budget cycle of the Court so that the subsequent request may be based upon the latest information for the budget period beginning 1 July 2005. A budget proposal for that period will be reviewed in the second quarter of 2005 by the Management Committee established pursuant to article 7 of the Agreement between the United Nations and the Government of Sierra Leone. Hence, the subsequent request for up to $20 million is anticipated to be presented to the General Assembly at its second resumed session in May 2005.

II. Financial position

7. As at the time of the present report, the Special Court has been able to operate longer than anticipated, without recourse to the commitment authority authorized in resolution 58/284. This is owing mainly to the combined effect of re-valuation of outstanding pledges, additional voluntary contributions received, interest income earned, savings on prior period obligations, reduced expenditure and gains on exchange. Furthermore, the financial uncertainty faced in year 2 resulted in delays in the commencement of the second trial chamber, thereby further reducing expenditures for that period.

8. As illustrated in the annex to the present report, in the report of the Secretary-General (A/58/733), the Special Court had anticipated total voluntary contributions in the range of $36.5 million. However, as a result of currency gains, re-valuation of outstanding pledges and additional contributions received, the Court reported a total of $38.3 million in voluntary contributions, reflecting an increase of $1.8 million.

9. Furthermore, at the time of the aforementioned Secretary-General's report in March 2004, the Special Court had authorization from the Management Committee to implement a budget valued at $34.7 million for the period covering 1 July 2003 to 30 June 2004. In view of the precarious financial situation faced during that period,

the Court reduced its expenditures to $30.4 million, reflecting a decrease of $4.3 million over projections.

10. In the main, these financial adjustments resulted in an increased excess of income over expenditure for carry-over to year 3 (i.e. 1 July 2004 to 30 June 2005) of $8 million, reflecting an increase of $6.2 million over projections. Bearing in mind that as at 30 June 2004 the Special Court had unliquidated obligations in the range of $8 million, the net cash available amounted to some $16 million. Therefore, while it was anticipated that voluntary contributions would be exhausted by 30 June 2004, the Court reported an ending cash balance of roughly $16 million. The better than expected financial status of the Special Court for Sierra Leone in the amount of $16 million vis-à-vis the situation foreseen in March 2004 is fully accounted for by the charge of $8 million shown in the annex combined with the $8 million held in respect of unliquidated obligations as at 30 June 2004.

11. Based on its expenditure pattern of approximately $2.5 million per month, the Special Court has been able to continue its operations utilizing the balance of its voluntary contributions of $16 million and is likely to be able to do so until the end of 2004. Accordingly, in administering the commitment authority along the lines detailed in paragraph 13 of the report of the Secretary-General (A/58/733), the Organization has not yet begun to disburse the funds authorized in the commitment authority. On the basis of cash required offset by cash availability, it is anticipated that the first disbursement against the appropriation sought in the present report would most likely be effected in the very early part of 2005.

12. Regarding the level of financing that would be required for the period 1 January to 30 June 2005, it is anticipated that on the basis of monthly expenditure patterns, the Special Court would require roughly $20 million so that it can finish its third year of operations. These requirements would cover the increasing level of disbursements owing to the liquidation of obligations corresponding to the period 1 July 2003 to 30 June 2004 as well as current period obligations.

13. At the same time, with the assistance of the Management Committee, the Special Court has continued to seek additional voluntary contributions mainly by informally soliciting Member States to consider further contributions. Moreover, during the period, the Court has held discussions with the Ford Foundation, the United Nations Fund for International Partnerships, the Open Society Initiative for West Africa and the European Commission with a view to requesting grants for 2005.

III. Conclusion and recommendations

14. **Owing to the continuing availability of voluntary contributions which is likely to continue through 2004, the Special Court for Sierra Leone will not require access to the funding of $16.7 million contained in the commitment authority authorized by the General Assembly.**

15. **It is, however, anticipated that the Special Court will have exhausted its available voluntary contributions and a subvention from the United Nations would be required from the start of 2005. Accordingly, the General Assembly may wish to:**

(a) Take note that the commitment authority valid through 31 December 2004 to support a subvention has been held unused and is being surrendered in lieu of a request for an appropriation in the following year;

(b) Decide to appropriate the amount of $20 million, with effect from 1 January 2005 through 30 June 2005, under special political missions of section 3, Political affairs, of the programme budget for the biennium 2004-2005;

(c) Revert to this matter at the resumed fifty-ninth session of the General Assembly.

Annex

Availability of funds for the Special Court for Sierra Leone as at 30 June 2004

(United States dollars)

		A/58/733 (1)	*Actual (2)*	*Increase/(decrease) (3)=(2)-(1)*
Income				
A.	Contributions received			
	Year-2 pledges received	13 530 790.2	13 534 998.0	4 207.8
	Additional year-2 receipts above amounts pledged and not pledged	8 418 896.4	8 701 976.0	283 079.6
	Year-3 pledges received in advance	9 287 347.5	12 306 295.0	3 018 947.5
	Additional year-3 receipts above amounts pledged and not pledged	1 959 171.0	3 777 649.0	1 818 478.1
	Subtotal (A)	**33 196 205.1**	**38 320 918.0**	**5 124 712.9**
B.	Pledges unpaid			
	Outstanding year-2 pledges	185 289.8	60 030.0	(125 259.8)
	Outstanding year-3 pledges	3 156 500.0	-	(3 156 500.0)
	Subtotal (B)	**3 341 789.8**	**60 030.0**	**(3 281 759.8)**
	Total voluntary contributions (A+B)	**36 537 994.9**	**38 380 948.0**	**1 842 953.1**
Expenditure				
	Total estimated expenditures for the period 1 July 2003 to 30 June 2004	**34 705 626.0**	**30 379 508.0[a]**	**(4 326 118.0)**
Excess/(shortfall) of income over expenditure for carry-over to 2004-2005		**1 832 368.9**	**8 001 440.0[b]**	**6 169 071.1**

[a] Represents total expenditures for the period ending 30 June 2004 as reflected in the interim financial statements.

[b] Represents funds available for carry-over to the 2004-2005 period addressed in paragraph 10 of the present report. This amount excludes an amount of $651,183 arising from interest income earned ($434,590) and savings on prior period obligations ($216,593).